

Applicant Name	Chester Irrigation District
Project Name	Chester Irrigation Project: Phase 2 – Water Service Contract Application

Project Abstract

The purpose of this Renewable Resources Grant and Loan (RRGL) application is to provide funding to the Chester Irrigation District so it can commence negotiations with the U.S. Bureau of Reclamation (USBR) to obtain a water service contract for the Chester Irrigation Project. The USBR has indicated that, depending on its level of involvement, the cost of meeting administrative, environmental, and regulatory requirements could range from \$1.4 million to \$3.7 million. If the Chester Irrigation Project is able to move forward, the remainder of the funding to meet the USBR's requirements could be funded by a combination of fee assessments to the members of the Chester Irrigation District; long-term low-interest loans; federal appropriations; and state and federal loans and grants.

This grant would enable the Chester Irrigation District to move forward with Phase 2 of the Chester Irrigation Project. Phase 1, the Preliminary Engineering Design, is scheduled to be completed in September/October 2006. Phase 1 was funded by a \$100,000 Renewable Resource grant by the 2005 Montana Legislature. It is anticipated that, at a cost of \$1,800 to \$2,000 per acre, total cost of the project could be approximately \$72 million to \$80 million.

The ultimate long-term goal of the Chester Irrigation Project is to provide opportunities for economic development and enhancement of the physical and human environment through development of an irrigation project. This would be achieved by production of high-value crops and development of value-added businesses for the Chester/Liberty County area, the north-central Montana region, and the State of Montana while, at the same time, carefully managing the renewable resources involved in the project.

Ideally, the Chester Irrigation Project could serve as a model for private/state/federal partnerships for development of other irrigation projects in Montana. Development of these types of partnerships would require a substantial investment and a long-term commitment on the part of the private, state, and federal sectors for the development and enhancement of Montana's renewable resources.

Through use of Best Management Practices (BMP), water, air, soils, fish and wildlife, and human renewable resources would benefit from development of this project.